

## Message Text

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ACTION IO-14

INFO OCT-01 ADP-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

EB-11 AID-20 OIC-04 CIAE-00 DODE-00 PM-07 H-03 INR-10

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E.O. 11652: N/A

TAGS: ECOSOC

SUBJ: ECOSOC 55-ITEM 14-MULTINATIONALS

1. SUMMARY. DEBATE ON MULTINATIONALS COMMENCED JULY 27 AND COMPLETED JULY 30 WITH INTERVENTIONS BY DE SEYNES, CHILE, ALGERIA, USSR, POLAND, HUNGARY, AND MONGOLIA. ICFTU REP ALSO PARTICIPATED. GIST OF DELS' REMARKS WAS THAT STUDY GROUP LACKED BALANCE, AND THAT STUDY GROUP SHOULD CONCENTRATE ON NEGATIVE EFFECTS OF MULTINATIONALS ON DEVELOPMENT PROCESS IN LDCS. ECON COMITE CONCLUDED BY TAKING NOTE OF THE SYG'S PROGRESS REPORT AND OF THE COMMENTS MADE THEREON IN THE COURSE OF THE DEBATE. END SUMMARY.

2. DE SEYNES SAID THAT THE SECRETARIAT'S TASK WAS NOW COMPLETED AS NOTED IN E/5381. HE SAID THAT HE HOPE THAT THE STUDY GROUP WOULD COME UP WITH A CATALOG OF SUGGESTIONS FOR ACTIONS BY GOVTS AND INTERNATIONAL ORGANIZATIONS AS REGARDS THE ACTIVITIES OF MULTINATIONAL CORPORATIONS.

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3. AMBASSADOR SANTA CRUZ (CHILE) RECALLED HIS STATEMENTS ON THE ITEM IN THE 54TH ECOSOC SESSION AND REITERATED THAT HE DID NOT LIKE THE MEMBERSHIP OF THE STUDY GROUP, COMPLAINED OF UNJUSTIFIED DELAYS BY THE SECRETARIAT IN IMPLEMENTING RES 1721. HE COMPLAINED ESPECIALLY THAT TRADE UNIONS WERE NOT REPRESENTED IN THE STUDY GROUP. HE SAID HOWEVER THAT HE WOULD TAKE IT THAT THE SG MEMBERSHIP WAS A FAIT ACCOMPLI AND SAID THAT THE COUNCIL MUST MAINTAIN CONSTANT VIGILANCE OVER THE SG, ESPECIALLY AS REGARDS THE SORT OF DOCUMENTATION THEY RECEIVED. HE CITED THREE NEW DEVELOPMENTS SINCE APRIL 1973: THE UNCTAD REPORT, THE ILO REPORT AND THE PUBLICATION OF SAMPSON'S BOOK ON ITT. HE LIT INTO THE ILO REPORT, TERMING THEIR CONCLUSIONS AS APPALLING AND WITHOUT VALUE. HE SAID THAT THE REPORT TENDED TO CONFIRM HIS IMPRESSION THAT THE ILO WAS ARCHAIC AND THAT ITS PRINCIPALS FORMED AN OLIGARCHY WHICH BLOCKED USEFUL DISCUSSION. WHILE ACKNOWLEDGING THAT SAMPSON HAD CONCLUDED THAT NATIONAL STATES THEMSELVES MUST DEFEND THEIR INTERESTS VIS A VIS MULTINATS, SANTA CRUZ SAID THAT THE DATA INCLUDED IN THE SAMPSON BOOK CLEARLY INDICATED THE NEED FOR THE ESTABLISHMENT OF INTERNATIONAL CONTROL ASAP, INCLUDING A CODE OF CONDUCT.

4. HE CONCLUDED BY STRESSING THAT THE COUNCIL MUST CALL TO THE ATTENTION OF THE STUDY GROUP THE "REAL PURPOSE" OF 1971, I.E. TO INVESTIGATE HOW MULTINATS DISRUPT THE INTERNATIONAL ECONOMIC ORDER, AFFECT MONETARY ARRANGEMENTS AND ENGAGE IN CRIMINAL INTERFERENCE IN THE INTERNAL AFFAIRS OF STATES. THE SG MUST NOT LIMIT ITSELF TO A MERE DIAGNOSIS OF THE PROBLEM BUT MUST REACH CONCLUSIONS USEFUL TO STATES AND THE UN.

5. THE ALGERIAN REP TYPIFIED THE MULTINATS AS A PERPETUATION OF COLONIALISM AND AS STATES WITHIN STATES. HE TOO CONDEMNED THE ILO REPORT. IN ADDITION TO REITERATING THE POINT MADE EARLIER BY SANTA CRUZ, THE ALGERIAN REP SPECIFICALLY CALLED UPON THE STUDY GROUP TO INVESTIGATE THE PROBLEM CREATED BY EXPLOITATION OF THE WEALTH OF THE SEAS BY MULTINATS. HE ALSO WANTED THE SG TO LOOK INTO THE EFFECT OF MULTINATS ON THE BOP AND DEBT SITUATION OF THE LDCS.

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6. THE USSR REP, CALLING MULTINATIONALS A NEW STAGE OF CAPITALISTIC PRODUCTION, CALLED FOR SG TO UNDERTAKE THOROUGH STUDY OF NEGATIVE EFFECTS ON LDCS OF MULTINATIONALS. HE SAID THAT MULTINATIONALS CREATE "MONETARY STORMS" AND TRADE DISRUPTIONS, INTERFERE IN THE ECONOMIC, SOCIAL AND POLITICAL LIFE OF THE LDCS AND THEREFORE REPRESENT A THREAT TO THEM. HE SAID THAT THERE WAS PLENTY OF DATA TO UNDERTAKE A

SERIOUS STUDY OF THE NEGATIVE EFFECTS ON LDC DEVELOPMENT AND THAT THE SG MUST NOT BE SIDETRACKED FROM FULFILLING ITS MANDATE UNDER THE SPIRIT OF RESOLUTION 1721. HE TOO CALLED FOR CONCRETE CONCLUSIONS IN THE SG REPORT.

7. THE POLISH REP, THE REP OF ICFTU, THE HUNGARIAN AND THE MONGOLIAN REPRESENTATIVES ESSENTIALLY ECHOED THOUGHTS EXPRESSED BY SANTA CRUZ AND THE SOVIET REP.

8. THE PAKISTANI REP TOOK UMBRAGE AT THE DESCRIPTION OF ONE OF THE EMINENT EXPERTS, MR. JHA AS GOVERNOR OF JAMMU AND KASHMIR. HE POINTED OUT THAT THE STATUS OF THE STATE WAS UNDER CONSIDERATION BY THE UN. THE PAKISTANI POINT AND THE INDIAN REPLY TO IT FOLLOWED THE SAME LINES AS THE EARLIER EXCHANGE IN NEW YORK IN APRIL.

9. DE SEYNES IN HIS SECOND STATEMENT POINTED OUT THAT MR. MATTHOEFFER, ALTHOUGH NOT CURRENTLY INVOLVED IN TRADE UNION AFFAIRS HAD BEEN SO FOR A VERY LONG TIME AND COULD BE CONSIDERED TO BE A "TRADE UNION MEMBER" OF THE SG. SANTA CRUZ RESPONDED THAT HE STILL FELT THAT TRADE, BUSINESS AND BANKING SECTORS WERE TOO WIDELY REPRESENTED ON THE SG AND EXPRESSED THE HOPE THAT TRADE UNION LEADERS WOULD BE CONSULTED BY THE SG.

10. THE ECON COMMITTEE THEN AGREED TO TAKE NOTE OF THE SEC GEN'S PROGRESS REPORT, E/5381 AND TO FORWARD IT TOGETHER WITH COMMENTS MADE IN THE COURSE OF THE DEBATE. COMMENT: AT THE URGING OF SEVERAL DELEGATIONS, THE ILO REPRESENTATIVE DECIDED TO SPEAK ON THIS ITEM. UNFORTUNATELY CHAIRMAN SCOTT DID NOT ACCEPT THE ILO REQUEST MADE TO HIM ON JULY 30. THUS

THE WAY IS OPEN FOR RENEWED DEBATE ON THIS ITEM IN PLENARY.  
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THE UK REP HAS INFORMALLY INDICATED THAT HE TOO WOULD HAVE SOME REMARKS TO MAKE TO REDRESS THE BALANCE OF THE INTERVENTIONS MADE IN THE ECON COMMITTEE.

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